



JOHN CHIANG
California State Controller

February 9, 2007

The Honorable Tom Torlakson
Chair, California State Senate
Appropriations Committee
State Capitol, Room 5050
Sacramento, CA 95814

The Honorable Mark Leno
Chair, California State Assembly
Appropriations Committee
State Capitol, Room 3146
Sacramento, CA 95814

Re: State Mandated Cost Program: Estimated Education Deficiency

Dear Senator Torlakson & Assembly Member Leno:

In a letter dated May 2, 2006, my office provided a deficiency request to fully fund claims filed with this office in regard to the state mandated cost programs totaling \$2.1 billion. This includes amounts owed to schools, local agencies and community colleges.

Since that time, this office has paid approximately \$850 million to schools. Our records show that there still exists over \$450 million owing to schools. This includes the deficiency amount of \$334 million reported in the annual AB 3000 report submitted to the Legislature prior to January 1, 2007, and unpaid accrued interest and initial claims filed but not reported. However, this amount owed does not include recently filed actual claims for the 2005-06 fiscal year and the estimated claims for the 2006-07 fiscal year.

In light of the increasing costs faced by the schools in California, I encourage your support and immediate attention to provide adequate reimbursement of costs incurred by schools in support of mandated cost programs.

Sincerely,

Original signed by

JOHN CHIANG
California State Controller

JC/ac